

Message Text

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21

ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-02

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-01 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

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R 110741Z MAR 75

FM AMEMBASSY BUJUMBURA

TO SECSTATE WASHDC 4734

INFO USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ETRD, EAID, EEC, ACP

EC/ACP CONVENTION OF LOME

REF USEC 1519 (STATE 41879)

EC REPRESENTATIVE IN BURUNDI (STAHN) HAS BEEN QUITE ACTIVE IN PUBLICIZING LOME CONVENTION AND STRESSING ITS ADVANTAGES TO PARTICULARLY POOR LDCS SUCH AS BURUNDI. FONMIN BIMAZUBUTE HAS ALSO INDICATED HIS SATISFACTION WITH NEW ACCORD. UNDER IT, FED WILL NOT ONLY CONTINUE TO BE LARGEST SINGLE ANNUAL AID DONOR HERE, BUT MAY EVEN BECOME LARGER THAN ALL OTHER DONORS PUT TOGETHER.

STAHN HAS GIVEN CONSIDERABLE ATTENTION TO NEW PROVISIONS WHICH SEEM TO BE APPROXIMATELY EQUIVALENT TO OUR SELF HELP PROJECTS. HE STATES THAT EC MISSION CHIEF HAS FINAL APPROVAL AUTHORITY ON ANY SINGLE PROJECT VALUED UP TO DOLS 90,000. THIS SOUNDS SO ATTRACTIVE THAT AID MAY FIND IT NECESSARY AT SOME POINT TO INCREASE UPPER LIMITS OF US-SPONSORED PROJECTS AND TO

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GRANT MISSIONS GREATER ADMINISTRATIVE FLEXIBILITY.

ON STABEX SCHEME, EC REP HERE NOTES THAT VERY POOR LDC
SUCH AS BURUNDI WILL GET PROTECTION AGAINST DROP IN PRICES OF
COFFEE (80 PERCENT OF EXPORT EARNINGS) EVEN THOUGH US HAS TRADITIONALLY

BEEN THE LARGEST BUYER OF LOCAL COFFEE. IN OTHER WORDS, IT WILL NOT
RPT NOT ONLY BE SALES TO EC COUNTRIES THAT PROVIDE OASIS FOR
STABILIZATION CALCULATIONS. ON OTHER HAND, HE HAS ALSO
EXPLAINED THAT SCHEME DOES NOT RPT NOT PROTECT TERMS OF TRADE.
THUS, IF NOMINAL PRICE OF EXPORTS DOES NOT DECLINE, STABEX
WILL NOT PROVIDE COMPENSATION EVEN IF EXPORT PRICE FAILS TO
KEEP PACE WITH GENERAL INFLATION RATES IN COUNTRIES FROM WHICH
BURUNDI MUST IMPORT.

FINALLY, STAHN HAS STRESSED GREATER BURUNDI PARTICIPATION
IN FUTURE ASSISTANCE PROJECTS. IN FACT, HE GOES SO FAR AS TO
INDICATE THAT ANY PROJECT THAT IS SENSIBLE, WELL-DOCUMENTED,
AND PROSPECTIVELY PROFITABLE WILL PROBABLY BE ASSURED OF FED
FINANCING BECAUSE SCOPE OF FUNDS AVAILABLE WILL BE SO LARGE.
MARK

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